

building blocks



December 2005

The online newsletter of the Michigan State Housing Development Authority
Vol. 1, issue 6

MSHDA Announces \$10 Million to Help Chronically Homeless

Announcement Made During Homeless Awareness Week

Governor Jennifer Granholm and MSHDA executive director Michael DeVos announced that MSHDA has approved \$10 million in combined federal and state dollars to assist eight communities in Michigan in establishing permanent supportive housing programs for the chronically homeless. The funding will be administered through an interagency collaboration between the Michigan Department of Community Health, the

Department of Human Services, the Department of Corrections, and MSHDA.

The funding is the biggest commitment of housing for the homeless in Michigan's history.

The announcement was made during Homeless Awareness Week, a statewide campaign to educate the public about the many reasons people are homeless, the shortage of affordable housing for low-income people, and the diligent

Continued on Page 8

MSHDA Appoints New Deputy Director

City of Detroit official Burney Johnson has been named MSHDA's new deputy director, executive director Michael DeVos has announced.

Johnson is currently the Director of Planning Activities for the City of Detroit Planning and Development Department. In this position, she oversees and provides direction to Planning, Neighborhood Support Services, and Financial and Resource Management. She appears before the City Council, participates in several cross-jurisdictional teams, including transportation, economic development, and land bank creation.

"The new year brings exciting new challenges for me," Johnson said. "Working at MSHDA will be a great career milestone, and I look forward to working with the talented staff and committed partners."

Johnson has 25 years of experience in planning and policy development divided between northern California and southeast Michigan. She has held senior-level manage-

Continued on Page 2



During Homeless Awareness Week, students from Lansing Community College set up a "box city" on the state Capitol lawn to dramatize the plight of the homeless

Holidays are the Perfect Time to Give Back

This is the time of year when our thoughts turn to families, friends, the giving and receiving of gifts, hearty meals, cheerful get togethers, and the bright lights and decorations of the holiday season. Some of the less fortunate in our state don't have the opportunities that we often take for granted. I would encourage all of us to consider the possibilities of volunteering to help some of these people, not only during the holidays, but as often as possible during the coming year.

Our work environment will be a "culture of excellence"

The MSHDA Web site is linked to the Michigan Coalition Against Homelessness Web site and includes a listing of shelters throughout the state. Donating time or financial assistance would be welcomed with appreciation and gratitude. The Web site is www.michigan.gov/mshda; click on "Homeless and People with Disabilities" to locate the link.

In a recent radio address, Governor Granholm also urged Michigan residents to consider giving their

time this holiday season. At www.1800volunteer.org, you can learn about a variety of volunteer opportunities with reputable organizations in your community – from food banks to shelters to mentoring programs. **You can also call this toll-free number: 1-800-VOLUNTEER. (1-800-865-8683).**

The last two months have been somewhat hectic with the transfer of staff from the Michigan Economic Development Corporation and the Michigan Broadband Development Authority to MSHDA, but the result has been worth all the efforts. **We were able to keep valuable staff from layoffs and provide key services to Michigan residents.** With the additional staff, MSHDA also will be able to earn additional revenues by providing increased services to our customers. The most important thing is that the additional staff will allow us to focus on our mission—that of improving the lives of the people of Michigan.

Our work environment will be a "culture of excellence" where every staff member can experience the fruits of our labors, see the faces of our beneficiaries on our walls, visit completed housing projects, and hear from and speak to the people



Michael DeVos

we are here to serve: first-time homebuyers, the elderly, working families trying to keep their heads above water, the homeless, the poor, and persons with special needs.

As the year draws to a close, I would like to take this opportunity to wish everyone the happiest of holidays and a safe and prosperous New Year. As we begin our journey into the new year as affordable housing ambassadors, remember that we all are part of a very important circle of friends that takes care of its own, helping families throughout Michigan fulfill their dreams.

MSHDA Appoints New Deputy Director

Continued from Page 1

ment positions since 1990. Her extensive planning portfolio includes experience in design review, permit approvals, environmental impacts, ordinance enforcement and interpretation, research, analysis, and oversight of Consolidated Housing Plans, homeless planning, land use issues, data analysis, and regulatory compliance.

Johnson is currently the Co-Chair of the Detroit Partnership and a leader in the development of the City of Detroit's Ten-Year Plan to End Homelessness.

Johnson's educational background includes a Bachelor's Degree from Fisk University in Sociology and Urban Planning, and a Master's Degree in Urban Planning from Wayne State University.

The new deputy will be based in MSHDA's Detroit office.

"We are pleased to have someone with such a deep knowledge and understanding of the issues of Detroit," DeVos said. "Burney will be working with us to bring a focus and renewed commitment to southeastern Michigan."

Johnson will join MSHDA effective January 3, 2006.

December 2005 • Building Blocks

\$14 Million in Grants Will Support Initiatives in New MSHDA Division

In its continuing effort to provide affordable housing to the citizens of Michigan, MSHDA has announced the creation of the Office of Supportive Housing and Homeless Initiatives. **This division will offer a variety of funding and technical assistance options for local communities and nonprofits to help address the needs of homeless individuals and families statewide.** In doing so, MSHDA will utilize the Continuum of Care concept to encourage local communities to develop a coordinated and comprehensive long-term approach to ending homelessness.

In conjunction with the creation of the Office of Supportive Housing and Homeless Initiatives program, Governor Jennifer Granholm recently announced the approval of

\$10 million in combined federal and state dollars to assist eight communities in Michigan in establishing permanent supportive housing programs for the chronically homeless ([see story, page 1](#)).

In addition to the funding provided to each community, the Office of Supportive Housing and Homeless Initiatives will provide technical assistance for the development or expansion of rental housing within each community. This will be accomplished through Interagency Service Teams (partners) comprised of staff from the Michigan Department of Community Health, the Department of Human Services, the Department of Corrections and MSHDA. The MSHDA team assisting the participating communities with technical assistance and project

Continued on Page 9



Sally Harrison, interim director of the new Office of Supportive Housing and Homeless Initiatives, introduced executive director Michael DeVos at a press conference held during Homeless Awareness Week

Corporation for Supportive Housing Focuses on Collaboration

Lisa Chapman, long-time employee, new Michigan director of Corporation for Supportive Housing (CSH) talks about the MSHDA/CSH partnership.

Q: How long have you been with CSH?

A: Since 1998 and before that I had experience with various non-profit organizations and also worked for the State of Michigan in Department of Mental Health.

Q: Do those past experiences help you now with your work at CSH?

A: Absolutely, working with both small and large nonprofit groups has been very helpful as we work with nonprofit groups to develop supportive housing or as a partner in delivering the support services. In addition, having worked directly

with people with disabilities and mental health issues helps me remember what difficult and challenging work our partners and clients face everyday. It makes me constantly aware of the services and support that at risk and formerly homeless tenants will need to be successful in a supportive housing environment.

Q: How has CSH changed over the past few years?

A: As a national organization, we have expanded into new areas such as Rhode Island and Los Angeles, and we also partner with some other similar national organizations like National Alliance to End Homelessness and our national TA partners (AHW, CUCS and TAC). There is no doubt that losing the

founding national director and having two other directors in the past few years has changed the organization, but still I am always impressed with the passion of the people at CSH and their need to do great work. We are also fortunate to have the resources of counterpart organizations in other states.

Q: How many people are working at CSH in Michigan now?

A: We have three; we cover a lot of territory between us and we are looking to grow the organization again very soon.

Q: What do you consider the most important work at CSH right now?

Continued on Page 7

MSHDA Develops Strategy for Tipping Point Neighborhoods to Keep “Urban Pioneers” in Michigan

Authority board members recently approved a strategy to keep young professionals and workers in the creative economy—“urban pioneers”—from leaving Michigan’s urban centers.

MSHDA’s contributions to this effort will assure that the housing markets in urban neighborhoods are providing a range of choices that will attract market-rate homebuyers to choose urban living, rather than moving to the

suburbs or, more likely, leaving the state altogether.

MSHDA’s contribution is to assure that the housing markets in urban neighborhoods are providing a range of choices that will attract market-rate homebuyers to choose urban living

Within the past few years, the emphasis at the state level has shifted to encouraging not only job creation and retention, entrepreneurship and new development through activities like the Cool Cities Initiative but also to look at and reward communities and neighborhoods that bring a partnership approach to creating appealing places to live, work and play.

The marketing plan draws inspiration from the concepts found in the popular book *The Tipping Point* by Malcolm Gladwell. Media selected to advance the initiative will have the ability to take on the role of mavens, connectors and salespeople. Gladwell describes mavens as an expert entity that seemingly knows everything there is to know about a particular neighborhood, connectors as the people or media that brings the right people together; and the salespeople are

Continued on Page 9

First Mezzanine Loan Approved

The Authority has approved a \$6 million Homebuyer Mezzanine Construction Loan mortgage, the first to be financed under the new program.

The Book Cadillac Hotel and Residences will be renovated in downtown Detroit, resulting in 67 for-sale condominiums as well as the completion of a 455-room Westin Hotel.

The development will consist of 22 one-bedroom, 40 two-bedroom and five penthouse condominiums.

Owners will have access to hotel services including concierge services, the pool, health club, maid and room service and others on a fee basis.

The renovation of the Book Cadillac Hotel is part of the downtown revitalization plan of the City of Detroit through the Detroit Economic Growth Corporation.

Under the Mezzanine Loan program, the maximum loan term is five years. The loan will be repaid with proceeds from the condominium sales.

Additional financing will come from a \$6 million Community Development Block Grant from the

Michigan Economic Development Corporation. The Detroit Downtown Development Authority will provide a contingent loan commitment that will repay outstanding principal on the Authority loan at maturity.

The Book-Cadillac, the tallest hotel in the world and the largest one outside New York City when it opened in 1924, was the city’s premier hotel for more than 50 years before falling on hard times and closing in 1984.



The historic Book-Cadillac Hotel in downtown Detroit will be restored to its former glory, thanks in part to a \$6 million loan from MSHDA

Raising Limits – Raising Possibilities

MSHDA Homeowner Programs Increase Limits to Help More Families

MSHDA has announced changes to the Property Improvement Program (PIP) and the Single Family Down Payment Assistance loan (SF-DPA Program).

PIP changes are as follows:

- Raising loan limit from \$25,000 to \$50,000 on PIP loans for one unit
- Raising loan limit on rental loans or multi-unit PIP loans from \$12,000 per unit to \$25,000 per unit and maximum loan from \$60,000 to \$100,000
- Lowering interest rate from 8 percent to 6 percent for owner-occupied loans of \$10,000 or more and a loan to value ratio of less than 80 percent
- Replacement housing PIP loans now eligible up to \$50,000
- Longer term for PIP loans greater than \$25,000 and rental loans over \$60,000
- Increase on the origination fee from one percent to two percent (maximum of \$1,000) for rental loans



For a more detailed description of these changes contact Jodi Pulido at (517) 373-1974.

The SF-DPA program has increased the down payment assistance loan amount to a maximum of \$7,500 (previously \$5,000) for all eligible borrowers. This change is a result of the challenges that low- to moderate-income homebuyers were facing after the increased price limits that went into effect at the beginning of this year. MSHDA anticipates the increase will assist some borrowers who qualify for a loan from an income and credit perspective but simply lack the cash assets necessary to make a down payment and pay closing costs and prepaid expenses.

SF-DPA program changes are as follows:

- Loan is a 0%, silent, non-amortizing 2nd mortgage
- Payment is due upon sale, transfer or refinance of the property
- A minimum of one percent of the sales price must be invested by the borrower
- Borrowers may not have liquid cash assets in excess of \$5,000
- The income cap for loans is 80 percent of AMI, adjusted for family size

For a more detailed description of the SF-DPA Program contact the Office of Single Family Housing at (517) 373-6840

Public Forums Part of Five Year Strategic Planning Process

The first wave of work from the committees charged with the Five Year Strategic Plan on Affordable Housing in Michigan has been completed. Much of the committee work has been chronicled on the MSHDA Web site. Before the plan is completed, a series of public forums is being conducted in nine locations across the state. "Keeping all of our partners and stakeholders in the loop is what this process is about," said MSHDA executive director Michael DeVos.

The public forums are expected to be completed by the end of December. Committees will take the feedback into consideration as they refine their recommendations. Next, a core group will bring all of the recommendations into a completed document. Priorities and first actions will be applied to the document based on available and needed resources. The Public Awareness Committee will then get to work to complete an awareness plan for implementation that will begin with a roll-out at the 2006 Michigan Conference on Affordable Housing.

If you have not had an opportunity to weigh in on the Five Year Strategic Planning process, visit the MSHDA Web site, www.michigan.gov/mshda and click on the Five Year Plan. You will find committee listings and rosters. Direct your comments and concerns either through committee members that represent your industry or directly to committee chairpersons via their e-mail address.



Homeownership Becomes a Reality for Long-time Renter through MSHDA Program

By Ashley Mead,
Communications Coordinator

Homeownership seemed a distant future for Lansing resident Anitra Daughtery, until she found out about MSHDA's homeownership programs and Habitat for Humanity. Prior to her enrollment in the Key to Own program, Daughtery had been working with MSHDA's Office of Existing Housing and renting a three-bedroom home. Having some previous experience with MSHDA helped her to gain additional information about programs that aid in homeownership.

Once she decided she was going to work with MSHDA's Key to Own program, she put in the paper work to transfer her account information and the rest fell into place from there.

**"This is my
biggest
accomplishment."**

"The carry-over was an easy process, so I didn't have to go through a lot of work to get into this program," said Daughtery.

MSHDA's Key to Own Homeownership Program offers a homeownership option for certain qualified families that hold a MSHDA Housing Choice Voucher (HCV). Tenants who meet program requirements are able to use their voucher subsidy toward a mortgage on a home rather than toward their rent.

A main feature of the program



Anitra Daughtery and her children, aged 13, 11 and nine, enjoy their new home in Lansing

that Daughtery likes the most is that the assistance provided by MSHDA's portion of the mortgage, is automatically deposited into a checking account. Having to maintain \$1,000 in the account at all times helps her to stay on budget in other areas of her life as well.

Throughout her time in the Key to Own program, Daughtery has been more than satisfied with her progress as a homeowner. There was, however, one small complication along the way during a time when the computer systems at MSHDA were changing.

"I didn't get a check one month," said Daughtery. "They had sent it to the rental house by mistake and it didn't get deposited. But the ladies at MSHDA took care

of it right away and I was able to pay my bills."

Being a single mother of three children has been quite the endeavor, but Daughtery has finally met her goal of being a homeowner.

"When I signed those mortgage papers last year, I met my long-term goal to own my own home," said Daughtery. "This is my biggest accomplishment."

The administrative support team for the Key to Own program, Lisa Lehman and Sandy Pearson, have expressed the great pride they take in serving families in the program.

"We are here to provide guidance and support to those families willing to do what it takes to achieve homeownership," Lehman said.

December 2005 • Building Blocks

Corporation for Supportive Housing Focuses on Collaboration

Continued from Page 3

A: As an intermediary, CSH doesn't own or operate any housing itself. The core of our effort focuses around bringing together people, skills, and resources. We advance our mission by providing high-quality advice and development expertise, by making loans and grants to supportive housing sponsors, by strengthening the supportive housing industry, and by reforming public policy to make it easier to create and operate supportive housing.

I know that most people think the hardest part is the development process, but I think the real work begins after the development is completed. Making sure the service is delivered to the tenants appropriately and consistently is an ongoing process. The other difficult aspect of supportive housing (SH) is all the collaboration that this work requires—getting all of the partners to the table.

Q: In Michigan there seems to be a growing understanding of the need for supportive housing, yet the interpretation of how funding for supportive housing is prioritized has changed dramatically, where do you stand on the subject of prioritizing supportive housing?

A: I believe our industry as a whole is still trying to figure out what is going to be the right thing to accomplish our goals. The pendulum is swinging from one side to the other on this subject and I am confident we will find a good place in the middle somewhere. Historically there was no special needs housing for formerly homeless

people — without placing a priority on housing this under served group, their needs would not be met. We know that more than one model is essential to meet population-specific needs, community character, organizational capacity and to correspond to resource demands. The fact that MSHDA has started a new Supportive Housing and Homeless Initiatives Division speaks volumes to me. The current interim director of the MSHDA Supportive Housing and Ending Homelessness division is the former first CSH Michigan director.



Corporation for Supportive Housing

Q: How would you describe the CSH/MSHDA partnership?

A: We feel extremely valued as a partner and are very pleased with the emphasis on ending homelessness and as a result, supportive housing development. We are very lucky that MSHDA has been, and is, such a collaborative and inclusive partner. It makes it easy for us to do things like share funding of a consultant or co-sponsoring trainings. We have also had a great deal of support from all of the MSHDA directors since we began the SH Demonstration. Through that demonstration, we have worked in nine communities plus the Upper Peninsula to create almost 600 units of SH with

another 300 in the pipeline. That collaborative spirit extends to all the state partners we need to make supportive housing really work, like our partners Department of Community Health, Department of Human Services and the Great Lakes Capital Fund.

Q: Aside from new hires, what else is on the horizon for CSH?

A: Following the successful lead of our counterpart organizations in New England and the West Coast, we are thinking about starting a Supportive Housing Institute. This will be a team training approach to creating supportive housing for those emerging projects that will in a very practical way, carry an organization from the beginning of the development process all the way through property management and maintaining service plans. We think this could fit in very nicely with MSHDA's new Chronic Homeless Initiative.

Q: Good luck to you and your colleagues. Any last comments?

A: We have a joke at CSH that anytime our president Carla Javits makes a speech, she always uses at least one quote from a famous person. In that spirit, I will leave you with a quote that CSH had printed for staff from Ralph Waldo Emerson that is hanging over my desk: "Do not go where the path may lead, go instead where there is no path and leave a trail."

For more information about the Corporation for Supportive Housing in Michigan go to: www.csh.org or call: 810.229.7712

MSHDA Announces \$10 Million to Help Chronically Homeless

Continued from Page 1

work that homeless assistance providers are doing to bring relief to those most in need.

A chronically homeless person is defined as an unaccompanied individual with a disabling condition who has been continuously homeless for more than one year.

These individuals often have mental health problems, are unable to earn a steady income, and have no way to receive the services and income supports to which they are entitled. In Michigan, it is estimated that approximately 6,000 to 8,000 men and women – approximately 15-20 percent of the total homeless population – across the state are chronically homeless.

For the first time, communities and the state are working together to end homelessness in Michigan.

"For our state and our economy to be truly strong," Granholm said, "we must do all that we can to get all of our citizens the care and support they need to become productive members of our communities. I am pleased to see state and local governments collaborating with local shelters and non-profit service providers to address the needs of Michigan's most vulnerable citizens."

Battle Creek, Benton Harbor, Detroit, Flint, Lansing, Muskegon, Pontiac and Saginaw will share the MSHDA grant. In Detroit, \$3



On a bitterly cold November day during Homeless Awareness Week, MSHDA executive director Michael DeVos announced \$10 million in funding to help chronically homeless

million has been committed, and each of the other seven communities will receive up to \$1 million. Communities were selected based on the number of chronically homeless; the number of existing shelter beds, number of bed nights, and capacity to meet the need; and poverty levels within the community. **Participating communities will receive technical assistance and project review through an Interagency Service Team comprised of staff from the Michigan Department of Community Health, the Department of Human Services, the Department of Corrections, and MSHDA.** The funds may be used for development costs associated with the new construction, acquisition/rehabilitation, or master leasing of existing units to create permanent supportive housing for people who are chronically homeless.

DeVos cited a statewide plan to end homelessness, which is being developed by a partnership of government and local agencies and is expected to be completed by spring 2006.

"Over the years, many innovative programs have been created around the state to address the housing and service needs of Michigan's poorest citizens – homeless individuals and families. For the first time, communities and the state are working together in a coordinated way to end homelessness," DeVos said. "Through this collaboration of state agencies, local governments, and service providers, we can provide the poorest members of society with housing, services, and needed income supports and work toward the goal of eliminating chronic homelessness in Michigan."

MSHDA Develops Strategy for Tipping Point Neighborhoods to Keep “Urban Pioneers” in Michigan

Continued from Page 4

those media personalities or outlets that have the ability to create contagious word-of-mouth epidemics of positive growth and acceptance of targeted neighborhood destinations.

The good news is that there are many areas or neighborhoods in our blighted core cities that are showing great promise as these areas are being recreated and/or resurrected largely through private investment. MSHDA's intent is to use both current resources and some new incentives in a focused and strategic manner to accelerate neighborhood redevelopment in several areas that indicate several “markers” that suggest the neighborhood is reaching a tipping point of acceptance by not only developers

\$14 Million in Grants Will Support Initiatives in New MSHDA Division

Continued from Page 3

review is being headed by Sally Harrison, Interim Director of Supportive Housing and Homeless Initiatives. Currently the division staffs six employees with plans of expanding.

Supportive housing serves as a successful, cost-effective combination of affordable housing and a wide array of supportive services for residents to help them lead more stable, meaningful lives. The types of funding available are: HOME, Low Income Housing Tax Credits (LIHTC), Tax Exempt Bonds, CDBG and MSHDA reserves.

The Office of Supportive Housing and Homeless Initiatives has a new plan in the development stage, an initiative which would assist victims of domestic violence and their families by providing them with permanent supportive housing. MSHDA will partner with the Michigan Domestic Violence Prevention and Treatment Board, Michigan Coalition Against Domestic and Sexual Violence, and the Department of Human Services. It is the hope of this initiative to build upon the strength of existing local partnerships in order to create permanent supportive housing for victims of domestic violence and their families. A \$4 million grant was awarded to support this initiative; the announcement is expected to be made in early 2006.

and investors but also “urban pioneers” ready to purchase and rent homes in these areas to enjoy a creative city-based lifestyle.

The Tipping Point Initiative is only just beginning, but is focused on market-rate, mixed-income new construction housing development, offering MSHDA 0 percent deferred second mortgages, up to \$20,000, for buyers under 80 percent of median income for a portion of the units (\$1 million set aside).

Another resource is mezzanine construction financing for single-family development up to \$10 million (see related story, page 4). The initiative also offers MSHDA single-family mortgage financing for first-time homebuyers, employer Down Payment Assistance, LINKS Homebuyer Counseling and a MSHDA grant of up to \$500,000 to the Land Bank Fast Track Authority.

For further information, contact MSHDA's Office of Community Development at 517-373-1974.



Volume 1, Number 6

A bi-monthly publication of the Michigan State Housing Development Authority

LANSING OFFICE

735 East Michigan Avenue
Lansing, Michigan 48911

(517) 373-8370 • (517) 335-4797 (fax)
TTY (800) 382-4568

DETROIT OFFICE

3028 West Grand Boulevard, Suites 4-600
Detroit, Michigan 48202

(313) 456-3540 • (313) 456-3571 (fax)



Equal Opportunity Lender



The Department of Labor and Economic Growth will not discriminate against any individual or group because of race, sex, religion, age, national origin, color, marital status, disability, or political beliefs. If you need assistance with reading, writing, hearing, etc., under the Americans with Disabilities Act, you may make your needs known to this agency at (517) 373-1820.